

## Message Text

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12

ACTION XMB-07

INFO OCT-01 AF-10 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03

CIEP-02 OMB-01 DRC-01 (ISO) W

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R 021025Z FEB 74

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 1050

C O N F I D E N T I A L RABAT 0448

E. O. 11652: GDS

TAGS: ETRD MO

SUBJECT: EXIMBANK FINANCING FOR HOUSING PROJECT

REF: (A) STATE 011619

(B) RABAT 3588, 8/3/73

(C) USDOC 11334, 8/14/73

1. EMBASSY HAS DISCUSSED CURRENT STATUS HOUSING PROJECT REFERRED TO REFTEL WITH AHMED BENNANI, DIRECTOR OF OFFICE CHERIFIEN DES LOGEMENTS MILITAIRES (OCLM). OFFICE IS PART OF MOROCCAN MILITARY ADMINISTRATION, AND PROJECT INTENDED FOR MILITARY OFFICER AND ENLISTED HOUSING ONLY.

2. BENNANI SAYS OCLM FIRST APPROACHED LOS ANGELES-BASED COMPANIES ALBERT MARTIN & ASSOCIATES (SEE REFTELS B AND C) AND RURAL DEVELOPMENT CORPORATION LAST YEAR TO SEE IF SERIOUS NEED FOR NEW MILITARY HOUSING HERE COULD BE SATISFIED MOST EFFICIENTLY BY INTRODUCTION MODULAR, PRE-FAB TECHNIQUES. KING HASSAN AWARE OF APPROACH AND ENCOURAGED IT, ACCORDING TO BENNANI. CONCLUSION WAS THAT UTILIZATION SUCH METHODS, MODIFIED TO MAKE HEAVY USE OF MOROCCAN MATERIALS, PARTICULARLY CEMENT, WOULD BE FEASIBLE. OCLM SIGNED PROTOCOL WITH US FIRMS ON DECEMBER 8, 1973, AGREEING IN PRINCIPAL TO DH 540 MILLION  
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PROJECT INVOLVING ESTABLISHMENT OF FACTORY IN CASABLANCA

AND CONSTRUCTION 15,000 HOUSES THROUGHOUT MOROCCO, MOSTLY FOR COMMISSIONED AND NON-COMMISSIONED OFFICERS. THIS WOULD BE UNDERTAKEN BY JOINT-VENTURE COMPANY SOMADEC, OWNERSHIP OF WHICH SPECIFIED AS 51 PERCENT MOROCCAN (OCLM AND PROMINENT LOCAL ARCHITECT MOHAMMED BEN BAREK), AND 49 PERCENT US INTERESTS. PROTOCOL STIPULATES, HOWEVER, THAT IN ORDER FOR AGREEMENT TO ENTER INTO FORCE AND FOR COMPANY TO BE FORMED, AMERICANS MUST FIRST PROVIDE BY MARCH 8, 1974, US \$40 MILLION OF FINANCING AT FAVORABLE INTEREST RATES ON 15-20 YEAR REPAYMENT SCHEDULE. MONEY REQUIRED PRIMARILY AS MORTGAGE FINANCING FOR PURCHASES OF HOMES, ACCORDING TO BENNANI.

3. AS FOR HOUSE PRICES, BENNANI WAS RELUCTANT PROVIDE DETAILS, BUT SAID THESE SHOULD BE AVAILABLE FROM US FIRMS. IT APPEARS CLEAR FROM LATEST INFORMATION THAT MOST WILL COST WELL IN EXCESS OF \$2,000 FIGURE GIVEN US ORIGINALLY BY ALBER MARTIN REP (REF B).

4. EMBASSY COMMENT: PROPOSITION AS OUTLINED ABOVE DOES NOT RPT NOT APPEAR INVOLVE SIGNIFICANT US EXPORTS, AND THUS PRESUMABLY INAPPROPRIATE FOR EXIM FINANCING. TO EXTENT THAT US GOODS AND SERVICES ARE REQUIRED, EXIM MAY WISH CONSIDER INVOLVEMENT, BUT SHOULD PROCEED WITH CARE. PROJECT OF DUBIOUS DEVELOPMENTAL VALU AND COULD BE HEADED FOR FINANCIAL DIFFICULTIES; WE HAVE REPORT FROM KNOWLEDGEABLE SOURCE THAT HOUSES WILL BE VERY EXPENSIVE, THAT AT LEAST SOME OFFICERS RELUCTANT TO BUY, AND THAT, IN HIS OPINION, CORRUPTION INVOLVED. EMBASSY ATTEMPTING TO CHECK THIS FURTHER, BUT OCLM HAS THUS FAR BEEN RELUCTANT SUPPLY MORE DETAILS ON PROJECT.

5. WE HAVE CLASSIFIED THIS MESSAGE CONFIDENTIAL BECAUSE OF THE INFORMATION IN PARAGRAPH 4. THE FIRST THREE PARAGRAPHS CAN BE TREATED AS UNCLASSIFIED.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**To:** STATE  
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